

AMENDED IN SENATE AUGUST 25, 1999

AMENDED IN SENATE AUGUST 17, 1999

AMENDED IN SENATE JULY 7, 1999

AMENDED IN ASSEMBLY MAY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 838

**Introduced by Assembly Member Longville
(Principal coauthor: Assembly Member Strom-Martin)**

February 24, 1999

An act to amend Sections 6500, 6516.6, 6588, 53571, and 53583 of the Government Code, and to amend Section 97.3 of the Revenue and Taxation Code, relating to local governmental agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 838, as amended, Longville. Local agencies.

(1) Under existing law, 2 or more public agencies, by agreement, may exercise any power common to the contracting parties.

This bill would include a joint powers authority as a public agency that may itself be a member of a joint powers authority. The bill would also authorize a joint powers authority to issue refunding bonds to refund revenue bonds of a member local agency of the authority.

(2) Existing law authorizes a joint powers agency to issue bonds in order to purchase obligations of, or to make loans to,

local agencies, to finance the local agencies' unfunded actuarial pension liability, or to purchase, or to make loans to finance the purchase of, delinquent assessments or taxes levied on the secured tax roll by the local agencies, the county, or any other political subdivision of the state.

This bill would authorize a joint powers authority to issue bonds in order to purchase and acquire, by sale, assignment, pledge, or other transfer, any and all right, title, and interest of any local agency in and to the enforcement and collection of delinquent and uncollected property taxes, assessments, and other receivables that have been levied by or on behalf of the local agency and placed for collection on the secured, unsecured, or supplemental tax roll and would authorize local agencies to sell, assign, pledge, or otherwise transfer these amounts to the joint powers authority in accordance with specified terms and conditions.

The bill would also provide that the powers conferred by these provisions are complete, additional, and cumulative and that the authorized agreements need not comply with the requirements of any other laws applicable to the same subject matter, except as otherwise required by these provisions.

(3) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the



Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education. In the case of a county that first implemented in the 1993–94 fiscal year a specified alternative method for the distribution of ad valorem property tax revenues, existing law also decreases the reduction and transfer amount of that county for that same fiscal year by the additional amount of ad valorem property tax revenue allocated in that fiscal year to educational entities, as defined, as a result of the county’s implementation of that alternative distribution method.

This bill would modify this reduction and transfer offset by including a county’s Educational Revenue Augmentation Fund within the definition of an educational entity. By imposing new duties with respect to the allocation of ad valorem property tax revenues in the current and prior fiscal years, this bill would impose a state-mandated local program.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6500 of the Government Code is
2 amended to read:
3 6500. As used in this article, “public agency” includes,
4 but is not limited to, the federal government or any
5 federal department or agency, this state, another state or
6 any state department or agency, a county, county board
7 of education, county superintendent of schools, city,
8 public corporation, public district, regional
9 transportation commission of this state or another state,
10 or any joint powers authority formed pursuant to this
11 article by any of these agencies.

1 SEC. 2. Section 6516.6 of the Government Code is
2 amended to read:

3 6516.6. (a) Notwithstanding any other provision of
4 law, a joint powers agency established pursuant to a joint
5 powers agreement in accordance with this chapter may
6 issue bonds pursuant to Article 2 (commencing with
7 Section 6540) or Article 4 (commencing with Section
8 6584), in order to purchase obligations of local agencies or
9 make loans to local agencies, which moneys the local
10 agencies are hereby authorized to borrow, to finance the
11 local agencies' unfunded actuarial pension liability or to
12 purchase, or to make loans to finance the purchase of,
13 delinquent assessments or taxes levied on the secured roll
14 by the local agencies, the county, or any other political
15 subdivision of the state. Notwithstanding any other
16 provision of law, including Section 53854, the local agency
17 obligations or loans, if any, shall be repaid in the time,
18 manner and amounts, with interest, security, and other
19 terms as agreed to by the local agency and the joint
20 powers authority.

21 (b) Notwithstanding any other provision of law, a joint
22 powers authority established pursuant to a joint powers
23 agreement in accordance with this chapter may issue
24 bonds pursuant to Article 2 (commencing with Section
25 6540) or Article 4 (commencing with Section 6584), in
26 order to purchase or acquire, by sale, assignment, pledge,
27 or other transfer, any or all right, title, and interest of any
28 local agency in and to the enforcement and collection of
29 delinquent and uncollected property taxes, assessments,
30 and other receivables that have been levied by or on
31 behalf of the local agency and placed for collection on the
32 secured, unsecured, or supplemental property tax rolls.
33 Local agencies, including, cities, counties, cities and
34 counties, school districts, redevelopment agencies, and all
35 other special districts that are authorized by law to levy
36 property taxes on the county tax rolls, are hereby
37 authorized to sell, assign, pledge, or otherwise transfer to
38 a joint powers authority any or all of their right, title, and
39 interest in and to the enforcement and collection of
40 delinquent and uncollected property taxes, assessments,

1 and other receivables that have been levied by or on
2 behalf of the local agency for collection on the secured,
3 unsecured, or supplemental property tax rolls in
4 accordance with the terms and conditions that may be set
5 forth in an agreement with a joint powers authority.

6 (c) Notwithstanding Division 1 (commencing with
7 Section 50) of the Revenue and Taxation Code, upon any
8 transfer authorized in subdivision (b), the following shall
9 apply:

10 (1) A local agency shall be entitled to timely payment
11 of all delinquent taxes, assessments, and other receivables
12 collected on its behalf on the secured, unsecured, and
13 supplemental tax rolls, along with all penalties, interest,
14 costs, and other charges thereon, no later than 30
15 calendar days after the close of the preceding monthly or
16 four week accounting period during which the
17 delinquencies were paid by or on account of any property
18 owner.

19 (2) Upon its receipt of the delinquent taxes,
20 assessments, and receivables that it had agreed to be
21 transferred, a local agency shall pay those amounts, along
22 with all applicable penalties, interest, costs, and other
23 charges, to the joint powers authority in accordance with
24 the terms and conditions that may be agreed to by the
25 local agency and the joint powers authority.

26 (3) The joint powers authority shall be entitled to
27 assert all right, title, and interest of the local agency in the
28 enforcement and collection of the delinquent taxes,
29 assessments, and receivables, including without
30 limitation, its lien priority, its right to receive the
31 proceeds of delinquent taxes, assessments, and
32 receivables, and its right to receive all penalties, interest,
33 administrative costs, and any other charges, including
34 attorney fees and costs, if otherwise authorized by law to
35 be collected by the local agency.

36 (d) The powers conferred by this section upon joint
37 powers authorities and local agencies shall be complete,
38 additional, and cumulative to all other powers conferred
39 upon them by law. Except as otherwise required by this
40 section, the agreements authorized by this section need

1 not comply with the requirements of any other laws
2 applicable to the same subject matter.

3 (e) An action to determine the validity of any bonds
4 issued, any joint powers agreements entered into, any
5 related agreements, including, without limitation, any
6 bond indenture or any agreements relating to the sale,
7 assignment, or pledge entered into by a joint powers
8 authority or a local agency, the priority of any lien
9 transferred in accordance with this section, and the
10 respective rights and obligations of any joint powers
11 authority and any party with whom the joint powers
12 authority may contract pursuant to this chapter, may be
13 brought by the joint powers authority pursuant to
14 Chapter 9 (commencing with Section 860) of Title 10 of
15 Part 2 of the Code of Civil Procedure. Any appeal from
16 a judgment in the action shall be commenced within 30
17 days after entry of judgment.

18 ~~(f) (1) The Legislature finds and declares that~~
19 ~~different counties have different interpretations of the~~
20 ~~alternative distribution method established by Chapter 3~~
21 ~~(commencing with Section 4701) of Part 8 of Division 1~~
22 ~~of the Revenue and Taxation Code.~~

23 ~~(2) In no event shall this section be construed to affect~~
24 ~~in any manner the rights or obligations of any entity that~~
25 ~~participates in the alternative distribution method~~
26 ~~established by Chapter 3 (commencing with Section~~
27 ~~4701) of Part 8 of Division 1 of the Revenue and Taxation~~
28 ~~Code.~~

29 *(f) This section shall not be construed to affect the*
30 *manner in which an agency participates in or withdraws*
31 *from the alternative distribution method established by*
32 *Chapter 3 (commencing with Section 4701) of Part 8 of*
33 *Division 1 of the Revenue and Taxation Code.*

34 SEC. 3. Section 6588 of the Government Code is
35 amended to read:

36 6588. In addition to other powers specified in an
37 agreement pursuant to Article 1 (commencing with
38 Section 6500) and Article 2 (commencing with Section
39 6540), the authority may do any or all of the following:

1 (a) Adopt bylaws for the regulation of its affairs and
2 the conduct of its business.

3 (b) Sue and be sued in its own name.

4 (c) Issue bonds, including, at the option of the
5 authority, bonds bearing interest, to pay the cost of any
6 public capital improvement, working capital, or liability
7 or other insurance program. In addition, for any purpose
8 for which an authority may execute and deliver or cause
9 to be executed and delivered certificates of participation
10 in a lease or installment sale agreement with any public
11 or private entity, the authority, at its option, may issue or
12 cause to be issued bonds, rather than certificates of
13 participation, and enter into a loan agreement with the
14 public or private entity.

15 (d) Engage the services of private consultants to
16 render professional and technical assistance and advice in
17 carrying out the purposes of this article.

18 (e) As provided by applicable law, employ and
19 compensate bond counsel, financial consultants, and
20 other advisers determined necessary by the authority in
21 connection with the issuance and sale of any bonds.

22 (f) Contract for engineering, architectural,
23 accounting, or other services determined necessary by
24 the authority for the successful development of a public
25 capital improvement.

26 (g) Pay the reasonable costs of consulting engineers,
27 architects, accountants, and construction, land-use,
28 recreation, and environmental experts employed by any
29 sponsor or participant if the authority determines those
30 services are necessary for the successful development of
31 public capital improvements.

32 (h) Take title to, and sell by installment sale or
33 otherwise, lands, structures, real or personal property,
34 rights, rights-of-way, franchises, easements, and other
35 interests in lands that are located within the state that the
36 authority determines are necessary or convenient for the
37 financing of public capital improvements, or any portion
38 thereof.

39 (i) Receive and accept from any source, loans,
40 contributions, or grants, in either money, property, labor,

1 or other things of value, for, or in aid of, the construction
2 financing, or refinancing of public capital improvement,
3 or any portion thereof or for the financing of working
4 capital or insurance programs, or for the payment of the
5 principal of and interest on bonds if the proceeds of those
6 bonds are used for one or more of the purposes specified
7 in this section.

8 (j) Make secured or unsecured loans to any local
9 agency in connection with the financing of capital
10 improvement projects, working capital or insurance
11 programs in accordance with an agreement between the
12 authority and the local agency. However, no loan shall
13 exceed the total cost of the public capital improvements,
14 working capital or insurance needs of the local agency as
15 determined by the local agency and by the authority.

16 (k) Make secured or unsecured loans to any local
17 agency in accordance with an agreement between the
18 authority and the local agency to refinance indebtedness
19 incurred by the local agency in connection with public
20 capital improvements undertaken and completed.

21 (l) Mortgage all or any portion of its interest in public
22 capital improvements and the property on which any
23 project is located, whether owned or thereafter acquired,
24 including the granting of a security interest in any
25 property, tangible or intangible.

26 (m) Assign or pledge all or any portion of its interests
27 in mortgages, deeds of trust, indentures of mortgage or
28 trust, or similar instruments, notes, and security interests
29 in property, tangible or intangible, of a local agency to
30 which the authority has made loans, and the revenues
31 therefrom, including payment or income from any
32 interest owned or held by the authority, for the benefit of
33 the holders of bonds issued to finance public capital
34 improvements. The pledge of moneys, revenues,
35 accounts, contract rights, or rights to payment of any kind
36 made by or to the authority pursuant to the authority
37 granted in this part shall be valid and binding from the
38 time the pledge is made for the benefit of the pledgees
39 and successors thereto, against all parties irrespective of
40 whether the parties have notice of the claim.

1 (n) Lease the public capital improvements being
2 financed to a local agency, upon terms and conditions that
3 the authority deems proper; charge and collect rents
4 therefor; terminate any lease upon the failure of the
5 lessee to comply with any of the obligations of the lease;
6 include in any lease provisions that the lessee shall have
7 options to renew the lease for a period or periods, and at
8 rents as determined by the authority; purchase or sell by
9 an installment agreement or otherwise any or all of the
10 public capital improvements; or, upon payment of all the
11 indebtedness incurred by the authority for the financing
12 or refinancing of the public capital improvements, the
13 authority may convey any or all of the project to the lessee
14 or lessees.

15 (o) Charge and apportion to local agencies that
16 benefit from its services the administrative costs and
17 expenses incurred in the exercise of the powers
18 authorized by this article. These fees shall be set at a rate
19 sufficient to recover, but not exceed, the authority's costs
20 of issuance and administration. The fee charged to each
21 local obligation acquired by the pool shall not exceed that
22 obligation's proportionate share of those costs. The level
23 of these fees shall be disclosed to the California Debt
24 Advisory Commission pursuant to Section 6599.1.

25 (p) Issue, obtain, or aid in obtaining, from any
26 department or agency of the United States or of the state,
27 or any private company, any insurance or guarantee to,
28 or for, the payment or repayment of interest or principal,
29 or both, or any part thereof, on any loan, lease, or
30 obligation or any instrument evidencing or securing the
31 same, made or entered into pursuant to this article.

32 (q) Notwithstanding any other provision of this
33 article, enter into any agreement, contract, or any other
34 instrument with respect to any insurance or guarantee;
35 accept payment in the manner and form as provided
36 therein in the event of default by a local agency; and
37 assign any insurance or guarantee that acts as security for
38 the authority's bonds.

39 (r) Enter into any agreement or contract, execute any
40 instrument, and perform any act or thing necessary,

1 convenient, or desirable to carry out any power
2 authorized by this article.

3 (s) Invest any moneys held in reserve or sinking funds,
4 or any moneys not required for immediate use or
5 disbursement, in obligations that are authorized by law
6 for the investment of trust funds.

7 (t) At the request of affected local agencies, combine
8 and pledge revenues to public capital improvements for
9 repayment of one or more series of bonds issued pursuant
10 to this article.

11 (u) Delegate to any of its individual parties or other
12 responsible individuals the power to act on its behalf
13 subject to its general direction, guidelines, and oversight.

14 (v) Purchase, with the proceeds of its bonds or its
15 revenue, bonds issued by any local agency at public or
16 negotiated sale. Bonds purchased pursuant to this
17 subdivision may be held by the authority or sold to public
18 or private purchasers at public or negotiated sale, in
19 whole or in part, separately or together with other bonds
20 issued by the authority.

21 (w) Set any other terms and conditions on any
22 purchase or sale pursuant to this section as it deems by
23 resolution to be necessary, appropriate, and in the public
24 interest, in furtherance of the purposes of this article.

25 SEC. 4. Section 53571 of the Government Code is
26 amended to read:

27 53571. It is hereby declared that it is a public purpose
28 for a local agency to issue bonds for the purpose of
29 refunding any revenue bonds of the local agency or any
30 revenue bonds of a member of the local agency pursuant
31 to Article 11 (commencing with Section 53580), whether
32 due or not due, or that have or that may hereafter become
33 payable at the option of the local agency, by consent of
34 the bondholders, or by any lawful means.

35 Any refunding bonds may be outstanding at the same
36 time as the revenue bonds for which the refunding bonds
37 are issued, subject to any contractual limitations created
38 in the proceedings for the issuance of the revenue bonds,
39 and may be on a parity with, or subordinate to, the
40 revenue bonds.



1 The refunding bonds may be issued pursuant to Article
2 11 (commencing with Section 53580) or under any
3 applicable revenue bond law, including, but not limited
4 to, the Revenue Bond Law of 1941 (Chapter 6
5 (commencing with Section 54300)), the Parking Law of
6 1949 (Part 2 (commencing with Section 32500) of
7 Division 18 of the Streets and Highways Code), the
8 Parking District Law of 1951 (Part 4 (commencing with
9 Section 35100) of Division 18 of the Streets and Highways
10 Code), the joint exercise of powers provisions contained
11 in Article 1 (commencing with Section 6500) and Article
12 2 (commencing with Section 6540) of Chapter 5 of
13 Division 7 of Title 1, and the Community Redevelopment
14 Law (Part 1 (commencing with Section 33000) of
15 Division 24 of the Health and Safety Code), and shall be
16 deemed issued for a valid public purpose and a proper
17 bond purpose under Article 11 (commencing with
18 Section 53580) or the applicable revenue bond law, and
19 interest upon the refunding bonds or the bonds to be
20 refunded from the date thereof to the date of payment of
21 the bonds to be refunded or the date upon which the
22 bonds to be refunded will be paid pursuant to call or
23 agreement with the holders of the bonds may be paid
24 from the proceeds of the refunding bonds or the
25 investment of the proceeds.

26 SEC. 5. Section 53583 of the Government Code is
27 amended to read:

28 53583. (a) Any local agency may issue bonds
29 pursuant to this article or any revenue bond law under
30 which the local agency is otherwise authorized to issue
31 bonds for the purpose of refunding any revenue bonds of
32 the local agency or, if the local agency is a joint powers
33 authority, any revenue bonds of a member local agency,
34 upon authorization by resolution of that member of the
35 joint powers authority.

36 (b) The proceedings of any local agency authorizing
37 the issuance of any refunding bonds may provide all of the
38 following for those bonds:

1 (1) The form of the bonds to be issued as serial bonds,
2 term bonds, or installment bonds, or any combination
3 thereof.

4 (2) The date or dates to be borne by the bonds.

5 (3) The time or times of maturity of the bonds.

6 (4) The interest, fixed or variable, to be borne by the
7 bonds.

8 (5) The time or times that the bonds shall be payable.

9 (6) The denominations, form, and the registration
10 privileges of the bonds.

11 (7) The manner of execution of the bonds.

12 (8) The place or places the bonds are payable.

13 (9) The terms of redemption.

14 (10) Any other terms and conditions determined
15 necessary by the local agency.

16 (c) (1) The refunding bonds may be sold at public or
17 private sale or on a negotiated sale basis and at the prices,
18 above or below par, as the local agency determines.

19 (2) (A) If the local agency determines to sell the
20 bonds at public sale, the local agency shall advertise the
21 bonds for sale and invite sealed bids on the bonds by
22 publication of a notice once at least 10 days before the
23 date of the public sale in a newspaper of general
24 circulation circulated within the boundaries of each local
25 agency to be aided by the project to be financed by the
26 issuance of the bonds. If one or more satisfactory bids are
27 received pursuant to the notice, the bonds shall be
28 awarded to the highest responsible bidder. If no bids are
29 received or if the local agency determines that the bids
30 received are not satisfactory as to price or responsibility
31 of the bidders, the local agency may reject all bids
32 received, if any, and either readvertise or sell the bonds
33 at private sale or on a negotiated sale basis.

34 (B) If the local agency determines to sell the bonds at
35 private sale or on a negotiated sale basis, the local agency
36 shall send a written statement, within two weeks after the
37 bonds are sold, to the California Debt Advisory
38 Commission explaining the reasons why the local agency
39 determined to sell the bonds at private sale or on a
40 negotiated sale basis instead of at public sale.

SEC. 6. Section 97.3 of the Revenue and Taxation Code, as amended by Chapter 78 of the Statutes of 1999, is amended to read:

97.3. Notwithstanding any other provision of this chapter, the computations and allocations made by each county pursuant to Section 96.1 or its predecessor section, as modified by Section 97.2 or its predecessor section for the 1992–93 fiscal year, shall be modified for the 1993–94 fiscal year pursuant to subdivisions (a) to (c), inclusive, as follows:

(a) The amount of property tax revenue deemed allocated in the prior fiscal year to each county and city and county shall be reduced by an amount to be determined by the Director of Finance in accordance with the following:

(1) The total amount of the property tax reductions for counties and cities and counties determined pursuant to this section shall be one billion nine hundred ninety-eight million dollars (\$1,998,000,000) in the 1993–94 fiscal year.

(2) The Director of Finance shall determine the amount of the reduction for each county or city and county as follows:

(A) The proportionate share of the property tax revenue reduction for each county or city and county that would have been imposed on all counties under the proposal specified in the “May Revision of the 1993–94 Governor’s Budget” shall be determined by reference to the document entitled “Estimated County Property Tax Transfers Under Governor’s May Revision Proposal,” published by the Legislative Analyst’s Office on June 1, 1993.

(B) Each county’s or city and county’s proportionate share of total taxable sales in all counties in the 1991–92 fiscal year shall be determined.

(C) An amount for each county and city and county shall be determined by applying its proportionate share determined pursuant to subparagraph (A) to the one billion nine hundred ninety-eight million dollar (\$1,998,000,000) statewide reduction for counties and cities and counties.

1 (D) An amount for each county and city and county
2 shall be determined by applying its proportionate share
3 determined pursuant to subparagraph (B) to the one
4 billion nine hundred ninety-eight million dollar
5 (\$1,998,000,000) statewide reduction for counties and
6 cities and counties.

7 (E) The Director of Finance shall add the amounts
8 determined pursuant to subparagraphs (C) and (D) for
9 each county and city and county, and divide the resulting
10 figure by two. The amount so determined for each county
11 and city and county shall be divided by a factor of 1.038.
12 The resulting figure shall be the amount of property tax
13 revenue to be subtracted from the amount of property tax
14 revenue deemed allocated in the prior fiscal year.

15 (3) The Director of Finance shall, by July 15, 1993,
16 report to the Joint Legislative Budget Committee its
17 determination of the amounts determined pursuant to
18 paragraph (2).

19 (4) On or before August 15, 1993, the Director of
20 Finance shall notify the auditor of each county and city
21 and county of the amount of property tax revenue
22 reduction determined for each county and city and
23 county.

24 (5) Notwithstanding any other provision of this
25 subdivision, the amount of the reduction specified in
26 paragraph (2) for any county or city and county that has
27 first implemented, for the 1993–94 fiscal year, the
28 alternative procedure for the distribution of property tax
29 levies authorized by Chapter 3 (commencing with
30 Section 4701) of Part 8 shall be reduced, for the 1993–94
31 fiscal year only, in the amount of any increased revenue
32 allocated to each qualifying school entity that would not
33 have been allocated for the 1993–94 fiscal year but for the
34 implementation of that alternative procedure. For
35 purposes of this paragraph, “qualifying school entity”
36 means any school district, county office of education, or
37 community college district that is not an excess tax school
38 entity as defined in Section 95.1, and a county’s
39 Educational Revenue Augmentation Fund as described
40 in subdivision (d) of this section and subdivision (d) of

1 Section 97.2. Notwithstanding any other provision of this
2 paragraph, the amount of any reduction calculated
3 pursuant to this paragraph for any county or city and
4 county shall not exceed the reduction calculated for that
5 county or city and county pursuant to paragraph (2).

6 (b) The amount of property tax revenue deemed
7 allocated in the prior fiscal year to each city shall be
8 reduced by an amount to be determined by the Director
9 of Finance in accordance with the following:

10 (1) The total amount of the property tax reductions
11 determined for cities pursuant to this section shall be two
12 hundred eighty-eight million dollars (\$288,000,000) in the
13 1993–94 fiscal year.

14 (2) The Director of Finance shall determine the
15 amount of reduction for each city as follows:

16 (A) The amount of property tax revenue that is
17 estimated to be attributable in the 1993–94 fiscal year to
18 the amount of each city's state assistance payment
19 received by that city pursuant to Chapter 282 of the
20 Statutes of 1979 shall be determined.

21 (B) A factor for each city equal to the amount
22 determined pursuant to subparagraph (A) for that city,
23 divided by the total of the amounts determined pursuant
24 to subparagraph (A) for all cities, shall be determined.

25 (C) An amount for each city equal to the factor
26 determined pursuant to subparagraph (B), multiplied by
27 three hundred eighty-two million five hundred thousand
28 dollars (\$382,500,000), shall be determined.

29 (D) In no event shall the amount for any city
30 determined pursuant to subparagraph (C) exceed a per
31 capita amount of nineteen dollars and thirty-one cents
32 (\$19.31), as determined in accordance with that city's
33 population on January 1, 1993, as estimated by the
34 Department of Finance.

35 (E) The amount determined for each city pursuant to
36 subparagraphs (C) and (D) shall be the amount of
37 property tax revenue to be subtracted from the amount
38 of property tax revenue deemed allocated in the prior
39 year.

1 (3) The Director of Finance shall, by July 15, 1993,
2 report to the Joint Legislative Budget Committee those
3 amounts determined pursuant to paragraph (2).

4 (4) On or before August 15, 1993, the Director of
5 Finance shall notify each county auditor of the amount of
6 property tax revenue reduction determined for each city
7 located within that county.

8 (c) (1) The amount of property tax revenue deemed
9 allocated in the prior fiscal year to each special district, as
10 defined pursuant to subdivision (m) of Section 95, shall be
11 reduced by the amount determined for the district
12 pursuant to paragraph (3) and increased by the amount
13 determined for the district pursuant to paragraph (4).
14 The total net amount of these changes is intended to
15 equal two hundred forty-four million dollars
16 (\$244,000,000) in the 1993–94 fiscal year.

17 (2) (A) Notwithstanding any other provision of this
18 subdivision, no reduction shall be made pursuant to this
19 subdivision with respect to any of the following special
20 districts:

21 (i) A local hospital district as described in Division 23
22 (commencing with Section 32000) of the Health and
23 Safety Code.

24 (ii) A water agency that does not sell water at retail,
25 but not including an agency the primary function of
26 which, as determined on the basis of total revenues, is
27 flood control.

28 (iii) A transit district.

29 (iv) A police protection district formed pursuant to
30 Part 1 (commencing with Section 20000) of Division 14 of
31 the Health and Safety Code.

32 (v) A special district that was a multicounty special
33 district as of July 1, 1979.

34 (B) Notwithstanding any other provision of this
35 subdivision, the first one hundred four thousand dollars
36 (\$104,000) of the amount of any reduction that otherwise
37 would be made under this subdivision with respect to a
38 qualifying community services district shall be excluded.
39 For purposes of this subparagraph, a “qualifying
40 community services district” means a community

1 services district that meets all of the following
2 requirements:

3 (i) Was formed pursuant to Division 3 (commencing
4 with Section 61000) of Title 6 of the Government Code.

5 (ii) Succeeded to the duties and properties of a police
6 protection district upon the dissolution of that district.

7 (iii) Currently provides police protection services to
8 substantially the same territory as did that district.

9 (iv) Is located within a county in which the board of
10 supervisors has requested the Department of Finance
11 that this subparagraph be operative in the county.

12 (3) (A) On or before September 15, 1993, the county
13 auditor shall determine an amount for each special
14 district equal to the amount of its allocation determined
15 pursuant to Section 96 or 96.1, and Section 96.5 or their
16 predecessor sections for the 1993–94 fiscal year multiplied
17 by the ratio determined pursuant to paragraph (1) of
18 subdivision (a) of former Section 98.6 as that section read
19 on June 15, 1993. In those counties that were subject to
20 former Sections 98.66, 98.67, and 98.68, as those sections
21 read on that same date, the county auditor shall
22 determine an amount for each special district that
23 represents the current amount of its allocation
24 determined pursuant to Section 96 or 96.1, and Section
25 96.5 or their predecessor sections for the 1993–94 fiscal
26 year that is attributed to the property tax shift from
27 schools required by Chapter 282 of the Statutes of 1979.
28 In that county subject to Section 100.4, the county auditor
29 shall determine an amount for each special district that
30 represents the current amount of its allocations
31 determined pursuant to Section 96, 96.1, 96.5, or 100.4 or
32 their predecessor sections for the 1993–94 fiscal year that
33 is attributable to the property tax shift from schools
34 required by Chapter 282 of the Statutes of 1979. In
35 determining these amounts, the county auditor shall
36 adjust for the influence of increased assessed valuation
37 within each district, including the effect of jurisdictional
38 changes, and the reductions in property tax allocations
39 required in the 1992–93 fiscal year by Chapters 699 and
40 1369 of the Statutes of 1992. In the case of a special district

1 that has been consolidated or reorganized, the auditor
2 shall determine the amount of its current property tax
3 allocation that is attributable to the prior district's or
4 districts' receipt of state assistance payments pursuant to
5 Chapter 282 of the Statutes of 1979. Notwithstanding any
6 other provision of this paragraph, for a special district that
7 is governed by a city council or whose governing board
8 has the same membership as a city council and that is a
9 subsidiary district as defined in subdivision (e) of Section
10 16271 of the Government Code, the county auditor shall
11 multiply the amount that otherwise would be calculated
12 pursuant to this paragraph by 0.38 and the result shall be
13 used in the calculations required by paragraph (5). In no
14 event shall the amount determined by this paragraph be
15 less than zero.

16 (B) Notwithstanding subparagraph (A), commencing
17 with the 1994–95 fiscal year, in the County of Sacramento,
18 the auditor shall determine the amount for each special
19 district that represents the current amount of its
20 allocations determined pursuant to Section 96, 96.1, 96.5,
21 or 100.6 for the 1994–95 fiscal year that is attributed to the
22 property tax shift from schools required by Chapter 282
23 of the Statutes of 1979.

24 (4) (A) (i) On or before September 15, 1993, the
25 county auditor shall determine an amount for each
26 special district that is engaged in fire protection activities,
27 as reported to the Controller for inclusion in the 1989–90
28 Edition of the Financial Transactions Report Concerning
29 Special Districts under the heading of “Fire Protection,”
30 that is equal to the amount of revenue allocated to that
31 special district from the Special District Augmentation
32 Fund for fire protection activities in the 1992–93 fiscal
33 year. For purposes of the preceding sentence for counties
34 of the second class, the phrase “amount of revenue
35 allocated to that special district” means an amount of
36 revenue that was identified for transfer to that special
37 district, rather than the amount of revenue that was
38 actually received by that special district pursuant to that
39 transfer.

1 (ii) In the case of a special district, other than a special
2 district governed by the county board of supervisors or
3 whose governing body is the same as the county board of
4 supervisors, that is engaged in fire protection activities as
5 reported to the Controller, the county auditor shall also
6 determine the amount by which the district's amount
7 determined pursuant to paragraph (3) exceeds the
8 amount by which its allocation was reduced by operation
9 of former Section 98.6 in the 1992-93 fiscal year. This
10 amount shall be added to the amount otherwise
11 determined for the district under this paragraph. In any
12 county subject to former Section 98.65, 98.66, 98.67, or
13 98.68 in that same fiscal year, the county auditor shall
14 determine for each special district that is engaged in fire
15 protection activities an amount that is equal to the
16 amount determined for that district pursuant to
17 paragraph (3).

18 (B) For purposes of this paragraph, a special district
19 includes any special district that is allocated property tax
20 revenue pursuant to this chapter and does not appear in
21 the State Controller's Report on Financial Transactions
22 Concerning Special Districts, but is engaged in fire
23 protection activities and appears in the State Controller's
24 Report on Financial Transactions Concerning Counties.

25 (5) The total amount of property taxes allocated to
26 special districts by the county auditor as a result of
27 paragraph (4) shall be subtracted from the amount of
28 property tax revenues not allocated to special districts by
29 the county auditor as a result of paragraph (3) to
30 determine the amount to be deposited in the Education
31 Revenue Augmentation Fund as specified in subdivision
32 (d).

33 (6) On or before September 30, 1993, the county
34 auditor shall notify the Director of Finance of the net
35 amount determined for special districts pursuant to
36 paragraph (5).

37 (d) (1) The amount of property tax revenues not
38 allocated to the county, city and county, cities within the
39 county, and special districts as a result of the reductions
40 required by subdivisions (a), (b), and (c) shall instead be

1 deposited in the Educational Revenue Augmentation
2 Fund established in each county or city and county
3 pursuant to Section 97.2. The amount of revenue in the
4 Educational Revenue Augmentation Fund, derived from
5 whatever source, shall be allocated pursuant to
6 paragraphs (2) and (3) to school districts and county
7 offices of education, in total, and to community college
8 districts, in total, in the same proportion that property tax
9 revenues were distributed to school districts and county
10 offices of education, in total, and community college
11 districts, in total, during the 1992–93 fiscal year.

12 (2) The county auditor shall, based on information
13 provided by the county superintendent of schools
14 pursuant to this paragraph, allocate that proportion of the
15 revenue in the Educational Revenue Augmentation
16 Fund to be allocated to school districts and county offices
17 of education only to those school districts and county
18 offices of education within the county that are not excess
19 tax school entities, as defined in subdivision (n) of Section
20 95. The county superintendent of schools shall determine
21 the amount to be allocated to each school district in
22 inverse proportion to the amounts of property tax
23 revenue per average daily attendance in each school
24 district. For each county office of education, the
25 allocation shall be made based on the historical split of
26 base property tax revenue between the county office of
27 education and school districts within the county. In no
28 event shall any additional money be allocated from the
29 Educational Revenue Augmentation Fund to a school
30 district or county office of education upon that district or
31 county office of education becoming an excess tax school
32 entity. If, after determining the amount to be allocated to
33 each school district and county office of education, the
34 county superintendent of schools determines there are
35 still additional funds to be allocated, the county
36 superintendent of schools shall determine the remainder
37 to be allocated in inverse proportion to the amounts of
38 property tax revenue, excluding Educational Revenue
39 Augmentation Fund moneys, per average daily
40 attendance in each remaining school district, and on the

1 basis of the historical split described above for each
2 county office of education, that is not an excess tax school
3 entity until all funds that would not result in a school
4 district or county office of education becoming an excess
5 tax school entity are allocated. The county
6 superintendent of schools may determine the amounts to
7 be allocated between each school district and county
8 office of education to ensure that all funds that would not
9 result in a school district or county office of education
10 becoming an excess tax school entity are allocated.

11 (3) The county auditor shall, based on information
12 provided by the Chancellor of the California Community
13 Colleges pursuant to this paragraph, allocate that
14 proportion of the revenue in the Educational Revenue
15 Augmentation Fund to be allocated to community
16 college districts only to those community college districts
17 within the county that are not excess tax school entities,
18 as defined in subdivision (n) of Section 95. The chancellor
19 shall determine the amount to be allocated to each
20 community college district in inverse proportion to the
21 amounts of property tax revenue per funded full-time
22 equivalent student in each community college district. In
23 no event shall any additional money be allocated from the
24 Educational Revenue Augmentation Fund to a
25 community college district upon that district becoming
26 an excess tax school entity.

27 (4) (A) If, after making the allocation required
28 pursuant to paragraph (2), the auditor determines that
29 there are still additional funds to be allocated, the auditor
30 shall allocate those excess funds pursuant to paragraph
31 (3). If, after making the allocation pursuant to paragraph
32 (3), the auditor determines that there are still additional
33 funds to be allocated, the auditor shall allocate those
34 excess funds pursuant to paragraph (2). If, after
35 determining the amount to be allocated to each
36 community college district, the Chancellor of the
37 California Community Colleges determines that there
38 are still additional funds to be allocated, the Chancellor
39 of the California Community Colleges shall determine
40 the remainder to be allocated to each community college

1 district in inverse proportion to the amounts of property
2 tax revenue, excluding Educational Revenue
3 Augmentation Fund moneys, per funded full-time
4 equivalent student in each remaining community college
5 district that is not an excess tax school entity until all funds
6 that would not result in a community college district
7 becoming an excess tax school entity are allocated.

8 (B) (i) For the 1995–96 fiscal year and each fiscal year
9 thereafter except the 1999–2000 fiscal year, if, after
10 making the allocations pursuant to paragraphs (2) and
11 (3) and subparagraph (A), the auditor determines that
12 there are still additional funds to be allocated, the auditor
13 shall, subject to clauses (ii) and (iii), allocate those excess
14 funds to the county superintendent of schools. Funds
15 allocated pursuant to this subparagraph shall be counted
16 as property tax revenues for special education programs
17 in augmentation of the amount calculated pursuant to
18 Section 2572 of the Education Code, to the extent that
19 those property tax revenues offset state aid for county
20 offices of education and school districts within the county
21 pursuant to subdivision (c) of Section 56836.08 of the
22 Education Code.

23 (ii) For the 1995–96 fiscal year only, this subparagraph
24 shall have no application to the County of Mono and the
25 amount allocated pursuant to this subparagraph in the
26 County of Marin shall not exceed five million dollars
27 (\$5,000,000).

28 (iii) For the 1996–97 fiscal year only, the total amount
29 of funds allocated by the auditor pursuant to this
30 subparagraph and subparagraph (B) of paragraph (4) of
31 subdivision (d) of Section 97.2 shall not exceed that
32 portion of two million five hundred thousand dollars
33 (\$2,500,000) that corresponds to the county's
34 proportionate share of all moneys allocated pursuant to
35 this subparagraph and subparagraph (B) of paragraph
36 (4) of subdivision (d) of Section 97.2 for the 1995–96 fiscal
37 year. Upon the request of the auditor, the Department of
38 Finance shall provide to the auditor all information in the
39 department's possession that is necessary for the auditor
40 to comply with this clause.

1 (iv) For the 1999–2000 fiscal year, if, after making the
2 allocations pursuant to paragraphs (2) and (3) and
3 subparagraph (A), the auditor determines that there are
4 still additional funds to be allocated, the auditor shall
5 allocate the funds to the county, cities, and special
6 districts in proportion to the amounts of ad valorem
7 property tax revenue otherwise required to be shifted
8 from those local agencies to the county’s Educational
9 Revenue Augmentation Fund for the relevant fiscal year.
10 This clause shall be operative for the 1999–2000 fiscal year
11 only to the extent that moneys are appropriated for
12 purposes of this clause in the Budget Act of 1999 by an
13 appropriation that specifically references this clause.

14 (C) For purposes of allocating the Educational
15 Revenue Augmentation Fund for the 1996–97 fiscal year,
16 the auditor shall, after making the allocations for special
17 education programs, if any, required by subparagraph
18 (B), allocate all remaining funds among the county,
19 cities, and special districts in proportion to the amounts
20 of ad valorem property tax revenue otherwise required
21 to be shifted from those local agencies to the county’s
22 Educational Revenue Augmentation Fund for the
23 relevant fiscal year. For purposes of ad valorem property
24 tax revenue allocations for the 1997–98 fiscal year and
25 each fiscal year thereafter, no amount of ad valorem
26 property tax revenue allocated to the county, a city, or a
27 special district pursuant to this subparagraph shall be
28 deemed to be an amount of ad valorem property tax
29 revenue allocated to that local agency in the prior fiscal
30 year.

31 (5) For purposes of allocations made pursuant to
32 Section 96.1 for the 1994–95 fiscal year, the amounts
33 allocated from the Educational Revenue Augmentation
34 Fund pursuant to this subdivision, other than those
35 amounts deposited in the Educational Revenue
36 Augmentation Fund pursuant to any provision of the
37 Health and Safety Code, shall be deemed property tax
38 revenue allocated to the Educational Revenue
39 Augmentation Fund in the prior fiscal year.

1 SEC. 7. No reimbursement is required by this act
2 pursuant to Section 6 of Article XIII B of the California
3 Constitution because this act provides for offsetting
4 savings to local agencies or school districts that result in
5 no net costs to the local agencies or school districts, within
6 the meaning of Section 17556 of the Government Code.

